

103D CONGRESS
1ST SESSION

H. R. 784

To amend the Internal Revenue Code of 1986 to clarify that conservation expenditures by electric and gas utilities are deductible for the year in which paid or incurred.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 3, 1993

Mr. McDERMOTT (for himself, Mr. KOPETSKI, Mr. NEAL of Massachusetts, Mr. HOUGHTON, Mr. HALL of Texas, and Mrs. JOHNSON of Connecticut) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to clarify that conservation expenditures by electric and gas utilities are deductible for the year in which paid or incurred.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Energy Efficiency and
5 Conservation Act of 1993”.

1 **SEC. 2. ENERGY CONSERVATION EXPENDITURES BY ELEC-**
2 **TRIC AND GAS UTILITIES.**

3 (a) IN GENERAL.—Part VI of subchapter B of chap-
4 ter 1 of the Internal Revenue Code of 1986 (relating to
5 itemized deductions for individuals and corporations) is
6 amended by inserting after section 196 the following new
7 section:

8 **“SEC. 197. ENERGY CONSERVATION EXPENDITURES BY**
9 **ELECTRIC AND GAS UTILITIES.**

10 “(a) GENERAL RULE.—In the case of an electric or
11 gas utility, there shall be allowed as a deduction for the
12 taxable year an amount equal to the energy conservation
13 expenditures paid or incurred by the taxpayer during such
14 taxable year.

15 “(b) ENERGY CONSERVATION EXPENDITURES.—For
16 purposes of this section, the term ‘energy conservation ex-
17 penditures’ means expenditures for—

18 “(1) subsidies provided directly or indirectly to
19 customers for the purchase, installation, or modifica-
20 tion of—

21 “(A) any device or service primarily de-
22 signed to reduce consumption of electricity, nat-
23 ural gas, or steam or to improve the manage-
24 ment of energy demand, or

25 “(B) any specially defined energy property
26 (as defined in section 136(c)(2)(A)),

1 “(2) energy use consulting and audits of com-
2 mercial, residential, and industrial properties, or

3 “(3) administrative, promotional, and other
4 costs associated with expenditures described in para-
5 graph (1) or (2).

6 Such term shall not include any expenditure taken into
7 account in determining the basis of any tangible property
8 which is owned by the taxpayer and which is of a character
9 subject to the allowance for depreciation.

10 “(c) ELECTRIC OR GAS UTILITY.—For purposes of
11 this section, the term ‘electric or gas utility’ means any
12 corporation engaged in the furnishing or sale of electric
13 energy, natural gas, or steam if the rates for such furnish-
14 ing or sale have been established or approved by a State
15 or political subdivision thereof, by any agency or instru-
16 mentality of the United States, or by a public utility or
17 public service commission or other similar body of any
18 State or political subdivision thereof or of the District of
19 Columbia.”

20 (b) CONFORMING AMENDMENTS.—

21 (1) Paragraph (1) of section 263(a) of such
22 Code is amended by striking “; or” at the end of
23 subparagraph (F) and inserting a comma, by strik-
24 ing the period at the end of subparagraph (G) and

1 inserting “, or”, and by adding at the end thereof
2 the following new subparagraph:

3 “(H) expenditures for which a deduction is
4 allowed under section 197.”

5 (2) The table of sections for part VI of sub-
6 chapter B of chapter 1 of such Code is amended by
7 adding at the end thereof the following new item:

“Sec. 197. Energy conservation expenditures by electric and gas
utilities.”

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to expenditures paid or incurred
10 in taxable years beginning after December 31, 1980.

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